# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:1223
ANSWERED ON:07.03.2008
PREDICTION OF FUTURE ECONOMY
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**Will the Minister of FINANCE be pleased to state:**

(a)whether an American Consultancy Firm has expressed an apprehension that increasing growth rate of the country may register decline in coming years;

(b)if so, the details thereof and the reaction of the Government in this regard; and

(c)the details of measures being taken by the Government in this regard?

## Answer

MINISTER OF STATE FOR FINANCE(SHRI PAWAN KUMAR BANSAL)

(a) Yes sir.

(b) The news paper 'Amar Ujala', dated December 19, 2007, has quoted a report from the web site of Forbes magazine expressing an apprehension that the growth rate of the Indian economy in the year 2007-08 may register a decline. The report highlights that steps undertaken by Reserve Bank to restrict growth in availability of credit with a view to control inflation has had a bearing on the GDP growth rate. It also mentions a possibility of an improvement in agricultural growth and has indicated that the period of "jobless growth" may be coming to an end. The growth in India's Gross Domestic Product (GDP) in the last three years has been 7.5, 9.4 and 9.6 per cent per annum. For the fiscal year 2007-08, as per the Advance Estimates of the Central Statistical Organisation, the GDP is expected to grow at 8.7 per cent.

(c) In its budget proposals for 2008-09, the Government has announced a number of fiscal measures, including adjustments in personal income tax slabs, reduction in excise rates on a range of consumer goods, wavier of farm loans, all of which are likely to spur consumption in the economy. The extension of the National Rural Employment Guarantee Scheme to all districts of the country will also contribute to increase in consumption demand and, hence, growth of the economy. Steps are being taken to improve credit availability to the priority sectors of the economy. At the same time, the Government has increased its allocation for infrastructure programmes like National Highway Development Project, Accelerated Irrigation Benefit Programme, Jawaharlal Nehru National Urban Renewal Mission, as well as on education, health, and training and skill upgradation that will help in addressing some of the supply side constraints on sustaining the high growth rate and in improving the level of productivity of the economy. During the Eleventh Five Year Plan period, it is envisaged that investment in physical infrastructure will increase from around 5 per cent GDP in 2006-07 to 9 per cent of GDP by the end of the plan period.